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News | 13.06.2017

Conservatives duck out of tax transparency reforms

Country by country reporting

Since the Luxleaks scandal in November 2014, there has been a wave of indignation in Europe around the failure of large companies to pay their fair share of taxes. This has led to some big rhetoric by elected politicians to end this behaviour. On Monday 12 June, we learned that for some of them, it was nothing more than big words and hot air. The Greens/EFA group to the contrary, continue to stand firm on their position and support tax transparency.

It seemed like the battle for transparency was close to being won in April 2016. Shortly after the Panama Papers scandal broke, the European Commission presented a proposal to oblige big companies operating in Europe to disclose certain financial information, including whether or not they shift their profits to tax havens. Rumour had it that not all European Commissioners were enthusiastic about the plans, but that President Juncker himself sided with those defending tax transparency.

On Monday 12 June, just over a year later, the European Parliament was ready to send a clear signal that this is indeed a welcome reform. The proposal under vote in committee on Monday – still to be finalised in plenary in July – will oblige giant companies (with a turnover over 750 million euros) to publish financial data, like how many people they employ, what profit they make and how much tax they pay, in every country where they have economic activity. This transparency measure is not a big effort for companies, especially since no extra burden will be created for them given that they should already be communicating exactly the same information to tax authorities.

Loophole for interpretation

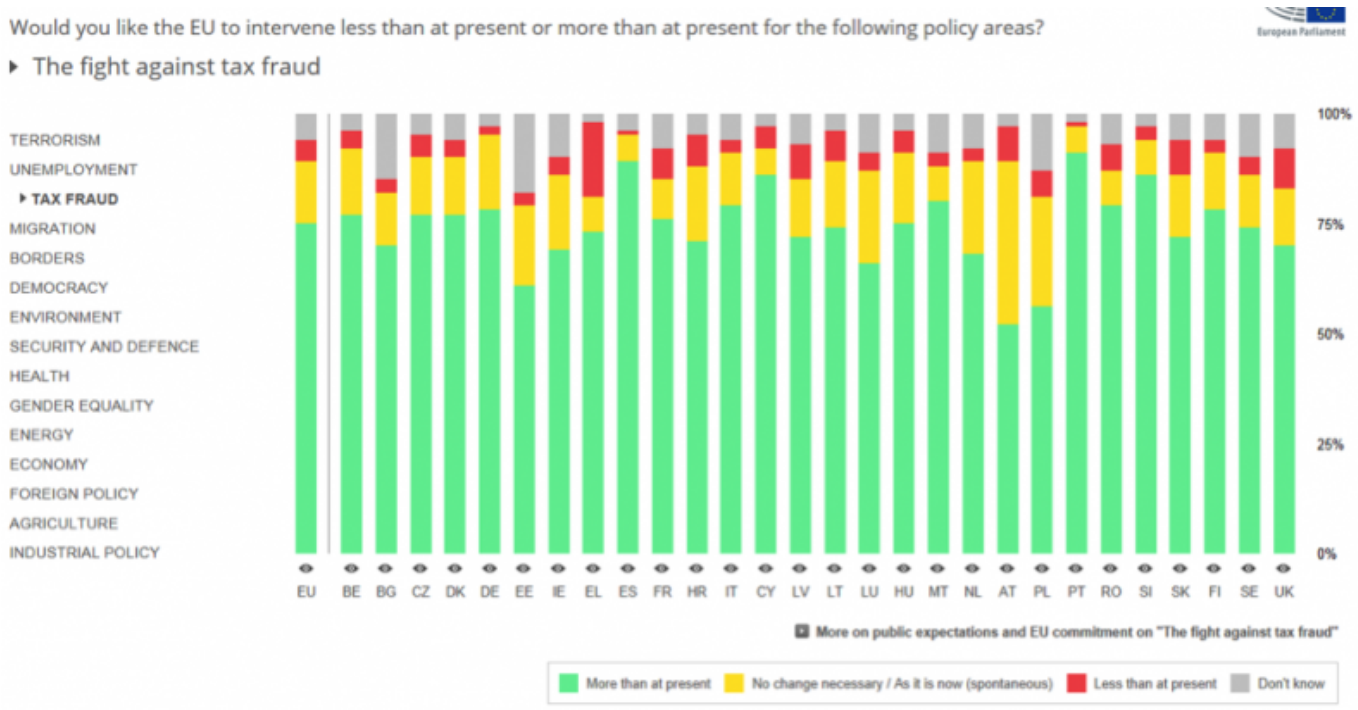
However, a last minute amendment on Monday, supported by the conservative and liberal groups in the Parliament, has put the entire tax proposal at risk. The liberals (ALDE), supported by the conservatives (EPP and ECR), tabled a 'joker card', allowing companies to gain unlimited exemption (to be requested every year) from public disclosure if the information is 'commercially sensitive'. However, they failed to include a definition of commercially sensitive material and have therefore left a loophole for interpretation in different European countries.

This is the first time since the Lux Leaks scandal in November 2014 that calls for progressive tax reform have not won massive support in the European Parliament. There are numerous examples of reports adopted by the European Parliament calling for more tax transparency (see here or here). But it seems that as soon as the possibility arises to cement a proposal with binding legislation, we see the true colours of

some MEPs who prefer to side with big business. The lobbying from large companies has been intense, with some even calling to reject the proposal entirely.

When three quarters of European citizens expect the European Union to do more against tax fraud in the near future, it is frustrating to see that some political groups vote with the opposite intentions in mind.

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Similarly frustrating is that the same parliamentarians who refused greater tax transparency on Monday are the very same ones sitting in the Panama Papers inquiry committee, nodding when they hear experts and journalists telling us that putting an end to secrecy is the best way to prevent another Panama Papers scandal.



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The battle is not entirely lost though. The file will go to the European Parliament plenary session in July for vote. Now more than ever, we need the support of European citizens to convince a majority of politicians to adopt real tax transparency reform, not a ‘cheese full of holes’. We count on you to raise your voice and you can count on us to continue to defend tax transparency, a key pillar of our tax justice campaign.

NOTES TO EXPLAIN THE VOTE

A proposal backed by the liberals and the conservatives would give companies the opportunity to apply each year for an exemption from reporting on the grounds of "commercial sensitivity". This exemption could be applied for year-on-year, without limit. The Greens/EFA group backed a stronger proposal under which exemptions would be limited a maximum of four consecutive years, with companies required to back publish their reports at the end. Due to the success of the last-minute amendment, the Greens abstained on the final proposal and will work on improving the text at the next plenary in July.

Please find below the outcome of the final vote. Those who voted in favour supported the unlimited exemption on ground of commercial sensitivity.

IN FAVOUR

EPP: Adam Szejnfeld, Alain Lamassoure, Andreas Schwab, Axel Voss, Bogdan Brunon Wenta, Brian Hayes, Burkhard Balz, Danuta Maria Hübner, Dariusz Rosati, Emil Radev, Esther de Lange, Gabriel Mato, Georgios Kyrtsos, Gunnar Hökmark, József Szájer, L. Niedermayer, Markus Ferber, Pavel Svoboda, Rosa Estaràs Ferragut, Róża Gräfin von Thun und Hohenstein, Sirpa Pietikäinen, Theodor Dumitru Stolojan, Tom Vandenkendelaere, Werner Langen, ‚Ž. Zovko

ECR: Ashley Fox, Bernd Lucke, Kay Swinburne, Kosma Złotowski, S. Ożóg, Sajjad Karim

ALDE: António Marinho e Pinto, Enrique Calvet Chambon, Jean-Marie Cavada, Lieve Wierinck, P. Ježek, Thierry Cornillet

EFDD: Joëlle Bergeron

AGAINST

GUE/NGL: K. Konečná, Liadh Ní Riada, Martina Anderson, Matt Carthy, Merja Kyllönen, Miguel Viegas

EFDD: David Coburn, Laura Ferrara, Marco Valli

ABSTENTIONS

Greens/EFA: Ernest Urtasun, Heidi Hautala, Max Andersson, Pascal Durand, Philippe Lamberts, Sven Giegold

S&D: Ana Gomes, Cătălin Sorin Ivan, Elly Schlein, Evelyn Regner, Hugues Bayet, Jakob von Weizsäcker, Jonás Fernández, Lidia Joanna Geringer de Oedenberg, Luigi Morgano, Manuel dos Santos, Mary Honeyball, Olle Ludvigsson, Paul Tang, Pedro Silva Pereira, Peter Simon, Ramón Jáuregui Atondo, Roberto Gualtieri, Sylvia-Yvonne Kaufmann, Tibor Szanyi, Udo Bullmann, Victor Negrescu, Virginie Rozière

ECR: Pirkko Ruohonen-Lerner, Sander Loones

ALDE: Cora van Nieuwenhuizen

ENF: Bernard Monot, Dominique Bilde, Gerolf Annemans, Gilles Lebreton, Marco Zanni

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Responsible MEPs



Max Andersson

Member



Pascal Durand

Vice-President



Sven Giegold

Member



Heidi Hautala

EP Vice-President, Member



Philippe Lamberts

Member



Ernest Urtasun

Vice-President

Contact person



Catherine Olier

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